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C O N F I D E N T I A L ANTANANARIVO 000651

SIPDIS

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TREASURY FOR FBOYE

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TAGS: [ECON](#) [ETRD](#) [MA](#) [RS](#)
SUBJECT: RUSSIAN BUSINESS PRACTICES IN MADAGASCAR
(C-CI9-01825)

REF: STATE 88241

Classified By: POL/ECON CHIEF DOVIE HOLLAND FOR REASONS 1.4 B AND E.

11. (C) Summary: This cable responds to the questions raised in reftel regarding Russian business practices in Madagascar. The answers are keyed to the questions below. End summary.

1A. (U) IS THERE A RUSSIAN TRADE REPRESENTATION IN YOUR COUNTRY?

There is no Russian trade representation in Madagascar. Trade agreements were signed between Madagascar and the Soviet Union in 1964 and 1975. In 2007, imports from Russia amounted to USD 248,175, while exports to Russia were USD 938,586. In 2008, imports were USD 9,873,432, while exports were USD 381,100, according to the National Statistics Institute. The main Malagasy exports to Russia were cloves and garments. The main imports from Russia were fertilizer (which accounted for the large increase in 2008), machines, metals, and plastics.

1B. (U) WHAT MAJOR RUSSIAN COMPANIES OPERATE IN YOUR COUNTRY AND IN WHAT BUSINESS SECTORS?

Post is unaware of any large Russian firms operating in Madagascar.

1C. (U) HOW MUCH REVENUE ARE RUSSIAN COMPANIES BRINGING IN?

Post is unaware of any Russian companies bringing in revenue in Madagascar.

1D. (U) HOW MUCH RUSSIAN INVESTMENT IS OCCURRING; IN WHAT SECTORS; IS IT GROWING?

According to the Malagasy investment promotion agency, there is no Russian investment.

1E. (C) IS YOUR COUNTRY ACTIVELY SEEKING RUSSIAN INVESTMENT AND/OR RUSSIAN TOURISM?

Madagascar has not targeted Russian investment, but the current unrecognized government, which has lost the support of traditional donors, frequently states its plans to seek alternative sources of financing from countries like China and Saudi Arabia, although such support has yet to materialize. Russia has not been mentioned, but would surely be welcomed at this point.

1F. (C) ROUGHLY HOW MANY RUSSIAN CITIZENS RESIDE IN YOUR COUNTRY?

Post does not have exact figures, but there are very few Russians here outside of the official diplomatic community, likely less than a few hundred. The current vice prime minister of foreign affairs of the de facto regime, Ny Hasina, was educated in the Soviet Union, and appears to maintain close ties there. He was one of the primary actors in the March 2009 coup, and likely the source of the idea to wear orange to compare the "people's" overthrow of the former government with the orange revolution in Ukraine, although in fact, it was not analogous, as there was no disputed election in this case, merely a coup.

MARQUARDT